

MARKETING MAIL PARCEL MAIL PROCESSING COST MODEL

I. PREFACE

A. Purpose and Content

USPS-FY19-12 documents the mail processing unit cost estimates for the Marketing Mail machinable, irregular, and marketing parcels price categories.

B. Predecessor Document

The predecessor document was presented in Docket No. ACR2018, USPS-FY18-12.

C. Corresponding Non-Public or Public Document

There is no non-public document that corresponds to USPS-FY19-12.

D. Methodology

The Marketing Mail parcel mail processing cost model relies on the same cost methodology that was presented by the Postal Service in Docket No. ACR2018, USPS-FY18-12.

E. Inputs / Outputs

The Marketing Mail parcel mail processing unit cost estimates by price category are calculated using the following inputs:

<u>Input Source</u>	<u>Input Description</u>
USPS-FY19-4	Marketing Mail billing determinants
USPS-FY19-7	Volume variability factors Premium pay factors Other mail processing wage rate Overhead factors
USPS-FY19-23	MODS productivity data
USPS-FY19-25	Operations specific piggyback factors
USPS-FY19-26	Marketing Mail parcel mail processing unit cost estimate by cost pool
2019 Special Weight Reports	Weight Data

2019 WebEOR data	Equipment reject rates
2019 ODIS data	ASF coverage factor ASF dock transfer percentage SCF IPP coverage factors
2016 PostalOne! data	Non-dropship entry point percentages
2014 parcel field study	Productivity data Postal arrival and dispatch profiles Average cubic feet per piece by mail type
2009 WebEOR data	PPSM transfer volume percentage PPSM finalization percentage
2009 Standard Mail parcel field study	Irregular rolls percentage Pieces per sack estimates Average container heights Average container fullness percentages Mail arrival profile Container space utilization percentages IPP operation outgoing volume percentage
USPS-FY08-15	PSM keying productivity estimate

The Marketing Mail parcel cost estimate outputs are relied upon to develop the discount and passthrough values contained in USPS-FY19-3. In addition, the Marketing Mail parcel mail entry profile and some marginal productivity values are used to develop cost estimates in USPS-FY19-13.

II. ORGANIZATION

The Marketing Mail parcel cost estimates are presented in the Microsoft Excel workbook 'USPS-FY19-12.xlsx' in the spreadsheet tab entitled 'MP Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook. The results are also reported in Table 1 below.

**Table 1:
Marketing Mail Parcels
Mail Processing Unit Cost Estimates**

USPS Marketing Mail Parcels Price Category	Entry Discount	Mail Processing Unit Cost
Machinable Machinable MNDC Machinable NDC Machinable NDC Machinable 5-Digit Machinable 5-Digit Machinable 5-Digit	None None DNDC DNDC DSCF DDU	\$2.242 \$1.623 \$1.595 \$0.722 \$0.608 \$0.543
Irregular Irregular MNDC Irregular NDC Irregular NDC Irregular 3-Digit Irregular 5-Digit Irregular 3-Digit Irregular 5-Digit Irregular 5-Digit	None None DNDC DNDC DNDC DSCF DSCF DDU	\$2.611 \$2.342 \$2.324 \$1.737 \$0.684 \$1.695 \$0.584 \$0.542
Marketing Marketing MNDC Marketing NDC Marketing NDC Marketing 3-Digit Marketing 5-Digit Marketing 3-Digit Marketing 5-Digit Marketing 5-Digit	None None DNDC DNDC DNDC DSCF DSCF DDU	\$2.341 \$1.852 \$1.848 \$1.622 \$0.674 \$1.619 \$0.576 \$0.540
Barcode Savings Estimate		\$0.041